

EXHIBIT 104

My w/ Kelly - Moore Point Company, Inc
 May 14, 03

Steve Ferraro
 John Kober
 Eric Turlay
 John Hochmuth

Auditors will review going concern note

Company owns 1/2 of land & structures
 Accrued liabilities cost

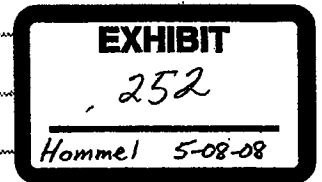
intended to
 be profitable

each 3

* 42 mm is the Audited note that is called;
 in migration in there; original
 EOP note

Income Statement

Income tax p. economy
 cost of part stock
 542.4 is before →



Operating income

Minimum return → spent
 9.9 ; 10 ; 5 = 25 mm
 interest rate

98-02 Draft:

Restatement - deals w/ accounts
for contra equity accounts for 98-02

pile inventory →

probably a larger inventory maintained
than most

Q1 ~~is~~ handled by a division in company

re to production facilities

CEO's production: San Carlos -

Hunt TX -

Seattle -

Tampa AZ -

As to oil base gets, can't be produced
in CA;

Seattle & Hunt, TX is set for oil land
joint production;

joint, later c

T102

\$

Concrete
Regional
District

fully allocated
8-160 Stems in a district

Dist Sake 123

" Star Sengmin

" Store Acety Sengmin -

budgeting process is done at the lowest level
not a real formal process

key is to up front share

Washington state is good upgrade - look outside

in Northern Cal has > 50% mkt share

in TX ~~the~~ good presence =

there about 200+ ads diff
Commission

Shel

in arbitration - my understanding 3-4 years ago
the defense of claims was less formal →
always successful ~
now more byzantine -

→ used the safest fiber
→ also used my excellent
accountants

claims - I can't simulate the
real gas K-m product.

competition
in

much →

note
10

the company has not heard
any regarding 4c's since
early 80's or before

16 Asbestos - Related

insurance companies -

add'l coverage - \$110 mm (\$140 mm)
for

Regulation liability ->

I haven't been formally
advised -
counting giving my notices
\$300-400 m & you

-> parents in 1942 sale are in bonds

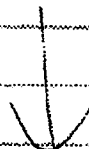
Porter
to OI
and

-> Belton that omit liabilities will be
count of income

to OI
most

count of insurance may be

Plan is going out more to participants



Bob Ireland (on ref call)
Victor Nam (also present now)

questions to Bob as to how to

Insurer available [140-220 nm yr w/ insurance up-side
150-210 nm ~~year~~ ³⁻³¹⁻⁰³ gtr end:

Management turnover ? - Bob
Some, but relatively little

Phil Peltzman is atty @ Peltzman Weinberg LLP

Atty Cal Corp Ins. Co.

Aug 15

Peter Carapella Pres. & CEO

John K

Ed Morris - CFO

Erin T

Thomas Schreff

JH

John & JK outline background

Peter &

discussion & response to issue off who

can question now to give another 50-60 mm

concerned about the education issue -
U.C. has had them some second look & then
again

Don't want to do anything that might affect
the money →

"Revised Dec"

The Ins. company →

U.C. - Calif does not provide any
financial support - but benefits

- disaffiliation came up →
 later would want to talk to that
 first →

~~Ken Boo~~

Ins. is concerned about conflict -
 want "recommendations"

Bill: → appears healthy but physically disadvantaged
 strokes - hearing,

James is relying heavily on the atty:

→ started in 1998 as a mutual ins. company;
 became Cal. Mutual →

in

Bill there was invited to sit on Bd of C&F
 in 1985 but realized it needed more capital &
 had a private placement;

Bill left company in 85-86 & in 86
 became a stockholder?

would be K-M joint for the yet go. =

more than 126 mm in weight

220 mm in diameter.

11 yrs
 8-9 yrs
 8-9 yrs
 10 yrs

95% big in CA
 other NV
 and started now in OR

in NV → Nevada Capital

starting process to change name to
 CAPITAL DEBENTURE GROUP
 in to OR →
 about 320 independent agents

very interesting & significant change involving
 the process of CPD

Client →

the California then is a starting cap of 15%
 rate of interest →

the 10 will outcome as product & then transfer
 the knowledge skills
 Development - 22 during development
 10 15

IT costs @

1.8% of revenues are related to IT

→ moving about \$2MM

Company moving Q2009 F&B M&S
Company R&D Bldg in NV
→ (big tax strategy)

Harvey → tough in Monterey
→ now moved the
spring @ ~80 units -
bill was about 20% in
→ understates

→ turnover rate is ~20%
inventory rate is 15-30%

turnover in
the old days -
33-40%

ESOP culture rules @ Ins. Co. -

in June have ESOP meeting make

* → June 8-9. ESOP distribution date

is - I introduced agents →
had met

Agency Admin Council →
18 members
rotates 3 years

As to, insurance cancellations →
James Vargos =

not accepting business on joint basis =

casualty is being down
but too water in light on paying

pricing of policies - done by committee

- committee -

- indemnity

- pricing

- large losses

* Have 1 actuary in 2 act's to

2003
12/1/03
Combined ratios: (comb of all reg. members)
through April @ 94.4
Rest of year 115.

4TD 3.7MM earnings 125MM income

up to \$130 mm statutory surplus

(this would allow up to \$200 mm in assets)

Insurance issue \Rightarrow a problem after 9-11-01

GMAC is sole re-insurer of Congy - they only deal w/

there is legislative pending
use of subsidiary tools
use of credit inputs as perp

Congy feels it is ahead of the game

most case scenario

\Rightarrow mfg in Home -

\rightarrow

credits \rightarrow in problem =

Key
Plan

photo of the Congy is to look to the
markets for

Item - ~~my~~ ^{current} about Dept. ~~from~~
- ~~my~~ ^{current} ~~my~~ ^{current} ~~my~~ ^{current}

* - under the statute
if out in 10 ~~2~~ ² of ~~any~~ ^{any}
or 2% of ~~submitted~~ ^{submitted}
assets
↓

Conference Call

Aug 20

John Kohn
Erin Tully
John H. H. H.

Ken Bodnar
LISA

in charge of the 85%
against L.A. office, Long Beach
work

→ have been involved in various cases ESOP meetings
Ken had been with CNA attorney in various cases &
also gained info via NAL; in Rel of another case
insurance company →

Due Diligence - good day in company & Dr. Mergent
group - such as vulnerability & claim side -
felt it is a well managed company →
such as "key man" in Peter; question re role
of independent

as to H.C. = look at the H.C. only as a planning
which is because direct - only possible
cases benefit was combined business capabilities

Attorney → no synergies

as to documentation → By-laws: California
company

John K: ~~concern~~ would be if the company goes to it's length & the value would be affected?

Ker - Don't agree - even if the IT were successful, the "value" of the company stock, if sold, is reasonable & "unaffected" by any claims =>

JH - question

JK - what about other ongoing "litigation" disbursements

Ker - don't denigrate the process, but it seems that article of money would off guard the process

Delinquent => potential litigation disbursements

Don't think Cal Ins. is at that pt. -
Don't think it could be appropriate now -

JH - we have an problem w/ resources & time -
could you do
How about Chicago office?

Ken will contact things after -
we will follow up

and call in Ken

Jh - Jh - Emi -

JK - goal call -

Emi - need to have a better ^{articulation} ~~person~~
of signature

JLJK - agree - would like him to better
explain in the report →

call to add Stan Forman?

JK → outlined activity in notebook

Stan → working to produce -
more information

JK → ~~more than complete~~

Met w/ Kelly Ann (Cathy's)

June 2

Bob Julian
Bryce

Bob Julian - atty for WES that has
run the collection of litigation data

Bob: trying to gather info & negotiate w/
T's atty's; company is doing pretty
well in this process;

in 524(g) have the company, the
current DB and the representations of
future claims - synopsis of 524 is
current - 243 line # current &
1/2 in # of "conditions"

also need 75% of people who hold
articles claim and who vote

2nd Circuit
Construction
Engineering

how litigation in my States

- which should get ability to file
- non-malignant cases
- mass torts
- long cancer
- non-malignant

historically have gotten between
\$500 A \$6000 p. year.

- Now proposed legislation would require
- 1) creation of long / subsidiary franchise - impairment
 - 2) different standard
 - 3) requires that the doctors who do this work & require that they practice 75% of time outside of torturing

Steve Canyon - atty for asbestos claims Committee

Three parts of process

- 1) how much to go to future claims
- 2) how many claims do we think there are
- 3) how much do we pay p. claim

Q's : How much is available to fund trust
 what is value of claims
 How split the payments between the claim types -

As to claims pool

we gave judges "ideal world" timeline

- end of June for negotiators

we lawyers who agreed

- we lawyers who would vote

for 280 days -

- said it better

- by mid-August ballots are
returned

- then get

now to disallow a claim for not
proper from it is for distribution
documents →

so may make argument that they
not be allowed to vote on our grounds

convenience claims

bad case scenarios -

start getting a "no" vote in power.

- in that case try to twist

to get count on argument

go against non-voting voters

- unable to get full agreement
between voting parties

Bob S: where do you think this will end up?

Biggs → should be able to get this settled, but the legislation he proposed has a 180 day period for settlements that would be forced into the next year →
proposed legislation would cost K-M about \$18MM @ year for next 30 years.

Biggs' list:

1. Pre-paying
2. Fish bank by old statute
3. wait for legislation
4. continue to fight cases

Challenging to count process - update fish data
- correct problems w/in the data

cases started in

96 -;

payments started in 97;
K-M has received ~ 51000 claims
w 241 MM in settlement payments w/
add'l 105 MM for ~~att'y's~~ att'y's fees

16m jail \$117 mm for miso cases for
 ~3000 claims
 long can → \$27. mm in 25M claim
 miso cases 5.0 mm in ~1000 claims
 non-malignant 90 mm for 40M claims

of claims

50 mm claims pending 1 month ago;
 now at 44M claims

32,231 claims (64% of total) in
 six states where 16-18 did not
 operate (this # 5 mm @ 18m)

RIP -
 involved
 non-patient

Thurmon's had ~25 mm claims -
~~non-malignant~~ mother 60 days of ~~the~~ order of
 judge →

Have had about 350 cases DNP → MS -
 85% of those
 must think is to put mother in to
 disburse liability of

The same Acc committee has 11-12 other
 cases that

16613 are in Texas (33% of total) / 15000 ^{non-malignant}
 13000 are TK claims that should not meet
 in payments under the new legislation

the TX lawyers feel more loss
 of money to probably
 85% of claims would be for
 damages \rightarrow Legislature is pretty tight comes
 virtually all of K-m claims -

in TX If it was within of apt 1 but no
 damage \rightarrow they go to a judge judge in
 Houston to be resolved

\rightarrow in thing only $\sim 10\%$ of pool is truly
 entitled to \$'s

as to Mer cases \rightarrow Historically about $\frac{1}{2}$ went
 to mer - and virtually with 90%

in Illinois 94% of cases R & P \rightarrow

Medical Outcomes
 Procedural Issues

May 1 45300
 May 2005-2020 6800 m. claim

\$71.4 m claim
 54 m for claim of 6000
 125 m

{ Laboratory - future demands
 { Attorney - IT
 { Duncan → was in the Caribbe

Dr Price → ... an agent on mass

Internally only @

\$ 80 margin
 \$ 15 cash
 \$ 30 ~~noted~~ NOTE
 + 125

→ spirits & mourning

from now then fall →

6 big mass trials in Cal. & TX with eye to settlement →

K-M was been tagged for 2 lawsuits in CA in last yr.
 same July is my practice

for me
 piece of
 litigation
 had from
 change
 - there are some internal K-M docs from
 indictment bygones in 70's that allegedly
 show K-M had knowledge of damage

And - even though the doc's are
not this - all of standards as OSHA, etc -
KM products would well below any
standard

Evil - KM has a reputation in Q of
product damage in CA

Pigg - Contractual pay no - defen
costs - One company that can be pay right
at some of it

at some of it there will be an element
of defense costs -

Insurance coverage

Seller Ehrman firm has done excellent
work on behalf of company in securing coverage

→ \$3.5 mm for Contractual Insurance

→ Transigent Insurance has agreed to
pay \$5 mm to a trust, would
not have to do any

→ ACE - has agreed to pay

→ Mission - has \$20 mm policy

If CA Commission might get all 100%
but close

→ Contour - \$20 mm in limits, mission
will likely get ~50-60% of
coverage

based on Luzzo's math - got to \$68 mm
 in coming 00 (up to \$80 mm if two
 add'l payments come from Contingency & Integrity
 a minute

Company feels it still has \$17 mm in coming
 plus defense costs, 2ND limit against U.S. if
 deal in asset that would not go to TOW
 there would be to Defense costs - the potential
 amount could be up to \$50 mm

^ BIG ISSUES

1. Value of total claims
2. How much to pay classes - mature
3. Status of convenience classes
 - my amount doesn't, need to be
 grateful as a tt in the state of claim
4. How much goes in
5. Trust Distribution procedures
 process for pre-graduation & standards
6. Value of coming & cash flow
 projections - still an issue
7. ESOP

All initially asked how much
 was paid for coming that should have
 stayed in the company >

~ 9.7 - 50,000 claim pd
 ~ 9.8 - 2000 still had minority claim
 ~ 2001 large lawsuit in El Paso TX

the concerns are also tied to
 our bankruptcy cases

then 22 - another report of us corrupt (Kris)

"gini, comm" typically applies to a
 met 12 month period

Now out of firm - David Fisher

* need to get D
 info to Peggy & Dan
 for D for a meeting with
 [unclear]

Mtg w/ Lord Russell

5-17

Forest Lamm
Tim Brink

J. Kober
JGH

Issue, again, is indeterminate - general
is very limited -
one view is that liability was limited to
use of the companies based on the info
they provide

Forest: we see language as

Mark & Peter has agreed to
65/35 for valuation -
other fur could be a 80/20 for
first related expenses

Forest would prepare (to point to 41c) that
it be 80/20 in general matters; but
as to selection C.G. has no opinion.
Forest believes he can come it out
(or, don't attempt) to understand for
the info they actually provide
and its separate details

Review I & II
in TR 6

Don't want to indemnify for π that

Notes in CIG
 Kelly Brown

March 22, 2006

Like	Doug Merrill	John K
Sub	Steve Deke	Eric T
Bob E	Todd Gentry	Scott C
Don S		John H

Discussion of the timeline and target
 for

Steve Deke → Dir. of Spec Operations
 29 yrs in company
 as to OS - good spec ops
 control upgrades in the spec
 ops & spec in OS will be doing
 very well & 2 taking notes

Sub - as to TX milit → Dallas is particular
 Dallas is very big milit - want to grow
 there but not agreeing right now.
 want to justify the N. Cal. milit at
 the same time or at first -

OK is a strong milit and it is more successful
 for the M. since it is more of a
 rural milit and can easily make an impact

From → strength is in the secondary
mkt

Dallas / Ft Worth - K-m has 15 stores
while competitor is @ ~50 stores;

New Concept store 2800 - 3500 sq ft
(as opposed to 4-5m sq ft) →
~~become~~ specific market of small
mkt

Strong in Alaska & parts of WA & OR -
more secondary ~~markets~~

Site selection - all done internally;

Con
Partners
Pulse
Lauri Walker
LCI
Columbin Print
Rado (?)

a to purchase & merge is emerging
has tried to focus on controlling &
charity expenses & demands -

now are also looking to a budget &
controlling expenses

→ also entirely agrees in 05 was kind
to bring son & daughter mltz =

as to 06 =

add'l agrees in introducing the new technology
systems of

all to giving increase associated in new
materials = coming has been able to
give of increases

Don: in 05 had biggest cuts to giving
of materials, in 05 there were mostly
adjustments, in 06 there are fewer
adjustments but more than in 05

Don: cost cutting is done 2x per
month as of Jan 1 = look south
on Jan 30

Todd: try to minimize costs across the BL

Stons cloud: check one store in Dallas
about one in Colorado Springs

to "run on a stone"
→

in Grand CA → my successful →

have about 150 stone small plus 4 gray
center

went to see 7 run stone in 06 -
would want to have about 1000 -
revenue P. 5 -

Spokane / Grand CA. Sol is
a ~~new~~ potential unit -

there is a challenge in the Portland
OR run → my back out of
that unit →

that : my biggest in my
team is ~~place~~ → communicate
my well & now work as a team -
which is my different from the
past -
the men are now allowed to
make decisions

life - presents the add'l roles
that they have ~~to~~ assumed
in this process

My dream was to escape the
whites men for months of
past coming to the shop
is now impossible for it -

as to tomorrow \rightarrow in Bay area
the challenge was to match computer
and "socials"

went to 90 dy a 6 mth
series

- now try and list all benefit
and show career paths for business
Justin

ful like there is a rain in the
evening

as to Spine \Rightarrow OA is straight \Rightarrow
and continue its growth there

musical benefits \rightarrow on Δ MS score $\sim 97\%$

401 (b) match is offered a lot

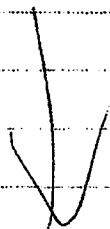
Cont. battery - in charge of store acctg
 Data clerk in early location;
 responsible for →
 goal is to take team concept to
 sales →
 reps are responsible for collection and
 checks
 3-5% is the bad debt to

to technology →

84 mm → in the coal pit

- biggest challenge is money
going out the back door
- The next person has had A/R the
responsibility to manage

with next team →
 the same person has a portion
 of career assignments



Doug Merrill

+ then new coordination and consolidation of products

- have with in the largest ^{VA} ~~set~~

- Union K's w 1 production - us
not new K's 2007

→ plant & warehouse (3 diff locals)

Trameter (warehouse)

→ as to color pallets →

about 4 years into a 7-8 year cycle →

- R&D -

Walter Ullman → Part Agent

Company's challenge is to
maintain quality &
consistency

as to value - 5-7% in Feb
K-M - 2% avg to 11%
w. no cap →

Abn. 250 → the primary
 amt of acct & mths for comm

Over the last 2 years, the
 emphasis has been on customer/
 type of disinfector w/in each
 territory

Last year co had largest new business
 growth in the company

Sales turnover was about 15 last yr -
 there is a paid factor w/in the company

Emphasis is on front line people

As to risks -

- ~ new home sales are questionable
- ~ remodeling is up
- ~ looking at

success will require from product

Product consultation is offered as an incentive for just
 about anything

Human
 Infection
 Cell-line (production)

for "organism"

There is no plan to do satellite
convergence is for retail bundles

The issue of opening new markets is tied
to concerns of investors.

→ Company doesn't want to just
add'l growth on

Banking relationship —
now with Citibank
a unit of South America

Had IRS audit for 02 in 05

I recently speak w. Jim Maul
who is in charge of IT.

5-6%)

$\frac{1}{2} \times \frac{1}{2}$

not all per user

when new stars are ~~added~~
the

mtg w CIG

Jan 25, 06

(kelly more litigation, as well)

Pat

John K

Phil

Eric T

Dan S

Andy W

Bob Emerson

(Scott C)

Tom

on plane

Rob Wynn

for 20 min

JGH

As to another recent settlement problem, a number of \$350 MM is in the table \rightarrow (what is done for them \$800 MM last problem)

\$137.3 MM is the # for another for '05

Backpack to "change" \rightarrow had all-hand meeting for 2-3 days w/ everyone, decided to let the part company go back to running part company.

Tom is temporary nat'l coordinator of grant & claims, looking to

John Mansfield
Graham McCarroll

new law firms - that are doing the work

process to get ready to handle any cases that will not appear in trial;

process has been to move analyses further away from the trial itself; the closer to trial the more difficult to settle

looking to create more deals in defense counsels to out their fees.

South Korea has been working steadily to go but still have some negotiating -

Settlement in Feb 06 over the West over - Also the # of claims continue to drop

Partnership

Income

Revenue

3rd Qtr of year is little not true

litigation is being controlled by C.G.; decisions to settle from the Team (and Peter a Pd. of assets)

Foley Macfarland
Brown McCarroll

company has consolidated out of the
work to two bar firms - but
still needed to try the rest of firms to
a fully satisfactory - of and success to

at this pt -

38 mm for annul

40-50 mm in

225 (+ 50 mm)

350

As to maximum number of
working on Gordon

Company was more successful in moving
the summit of policies;

As to process for setting maximum
number of
space at length in

act of firm
Do Papi
reformation

The funds for 05 are different
than 04 and the

line cases in 05. ended up in ~~particular~~
damages ~~to~~ water & house
Hans

Anton Mungby will be assuming full
responsibility for Alex Pers. Starting from
July 20 Annual ^{with notes}

AK TO CIG

will be a A-8 Rated by Best
in 06

Ann of Organization staff -

Strategic Guidelines -

at age 13 go age but started
affairing many other for

Sign among goals
 co has exceeded the goal of 15% +
 growth of return on capital

the return is met.

5mm + 5% excess + 8.9mm

28.9 mm gross
 loss beyond any type
 of minor re-insurance

→ client retention of 88% for all
 areas

~ 04 - 83.7%

~ 05 - 85%

review of 2000 specific policies
 ~ 05 - i.e. more policies you did not
 have to sell more

80-82

up to 90%

83% print onto

process - pricing, underwriting;
 focus on relationship or mid-level
 - product improvement

20-25 clause of law + state 8-8.

as to expenses - look to buy out 15 1/2%
initially OKSOP again

→ company does an annual budget
but not? If you plan that is more
general

Types of Commis →

~17% M. money income
~6% good divit commisi
23% "profit sharing"

Capital Structure
only ESOP debt

H/c has never taken a dividend for GK

3.2 mm in general + int rev of
~0.5 in ESOP

CIC has no debt
(K-m has very little debt)

Company has Antitakeover Poisoning Agreement

Technology Tools -
on-line applications

Content in APS → technology
needed --

in personal time @ ~ 60% on line
~ 40%

Charles Robertson -
what to do for consistency
- audits, training, oversight
longer has up to 400,000 units

in areas where not going
needed for \$50 + 280 ten yrs ago -
off game since then & 40 years

in OR have 25 products (stated in 61)
in NV have ~ 20 products

Dedicated
Agents

Special growth / product area

Personal lines incidents - person
who may sell the ~~insurance~~ / Personal Lines
products - not ~~an~~ occurring

NS00031813

Todd Snyder Rothschild

21st ~~7th~~ 2nd, 3rd, 4th
7c 8, 9

my family in mass- tort domain litigation
- should article about review in
substantive domain cases -

Set 524 (g) sets a signpost of another
that have to be addressed
- what does

administrative review : if successful for in
becoming spokeswoman →

challenge is that
role

blending issues

legal leverage -

future guidance

would have to look at the overall value
of parts → can see the substance

→ start construction & collaboration

→ keep eye to need to change to

→ need to make it fresh →

taught mass tort litigation @ Indiana school of law +

→ may be a situation where might
restructure the ESOP →

Todd plus me S.V.P. plus me associate & me
analyst.

in Chicago
6-19-20

mtg w/ K. M

6-30

re asbestos

as to their Carlsbad running into a few snags;
at it for 2 yrs & increasingly uncomfortable
w/ prospect of UCC

Don't see how UCC case benefiting them
Ananda:

Rec'd Litigation report from Dr. but find.
#1.3 Biller

E. of has never had K-M case for future
on the balance sheet -

chapter 11

company is now seeking creating 552+ strategy;
need as many assets as possible →
would affect UCC w/ no more contribution
can be made →

Blind note is \$5-7 mm p. month;
don't see

we would need to file for both H.C. & joint

at CIC → Prof A was paid off -

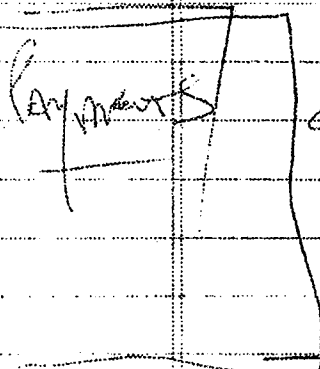
CIC would not file but the share of
CIC an asset of Holiday Co. -

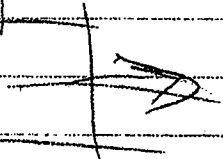
look to get in & out of ~~the~~ bankruptcy
as quickly as possible

shouldn't want
 because you have to put 52% of ~~that~~ into the

process is to ~~do~~ do valuation here and
 of year \rightarrow but in the context of
 K M L - is - show as final order
 to K M Hill company

Company is - really good change
 about ~~what~~ \Rightarrow

Raymond  as transitional deal \Rightarrow
 was ~~then~~ ~~normal~~, my some
 amount fitting is


 @ Mike

March 2

Mtg w/ Cal. Ins. Co.

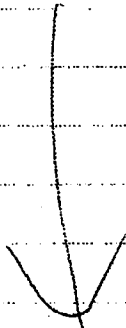
10-11% is cost of premium

In Oct. rate met w/ Moss again &
discussed disaffiliation, naming my
intended successor &
average rate of return on capital
11% + over the last 10 years

in 92 surplus was \$62 mm i was
at \$136 mm

Ken Schnoll } Summerlin =
Tom McDonalds }

John
Garrison
Controller



Mr. w. CIG / Duff & Phelps.

March 2

in Cal. by law. can not specify 15% rate of return
to look at return & ~~premium~~ premium looking? $2\% +$ 2% ~~plus~~ -

C.A. what was gotten harder to help the industry;

issues that were helped program =

- would classes \rightarrow controlled by farms & limitations
- rate increases for 03 still being reflected in 04 as first time \rightarrow
- \rightarrow as intent is stable but rates go up, there will be reduction in premium increases by competition as which means rates to go up.

plan for 04 was .94 cost of \$1.00; target was .94, so well ahead of plan

looking to significantly increase volume in NW (Oregon & ~~etc~~)

- greatest lines there are commercial, moving to farmer & then personal

also willing to expand "non-admitted" market through
 no program; there would be gaps in that are
 outside of premium properties.

"Border Entry"

* also starting to focus on market segments tied to
 immigrant/other nationals.

CIG is taking over an "entire company of business
 activity" from a competitor.

→ will be 3 yrs to ~ \$25-30mm in premium
 this is real plus - working w. people that are lower-
 this book of business has loss ratio of up to 35%;

would have to use AIG for funding of coverage.

Regulatory approached by agent who want to
 move their books to CIG - amounts to
 about \$2.5mm of prem.

Also building technology infrastructure that allows
 both client & agent to access info for
 accounts at appropriate level.

As to auto insurance → have increased
 rates ahead of rest of market which now
 is beneficial - but still in an issue since it
 is at high end of market.

as to agents - this year are seeing very
positive response and response from agents -
they are good product and pricing and
the profit sharing is very good.

as to broker entry program paying 25%
commission to that individual (but they are carrying
cost of program) from that

As to ~~later~~ agents - they would like to stop
meeting brokers compensation product service. It
interferes with other P&C work -

work is going in time consuming & not profitable -

as to organizations - they haven't been as
efficient in work process for P&C.

Bob - in this area CIG is somewhat behind.

for technology → both at being with ahead of
most competitors of mid of 04

A rating confirmed again for 04 as of Jan. 04
from Best

5-6700 PSL is cost of community in total
21-28 pct plus comm. than just single

CICA is active in Independent Agents Assoc

* ADIC

briefing Assoc of Domestic Insurance Companies -
PDR is the change of this near
major trade assoc

Independent Agent → do they have succession plans
in place?

* "Trusted Choice" program 200 members out
of 2000 ind. Repres. →
try to hard the agents (independent
agents) to separate themselves in milit.

as to claims →
seem to be fairly settled.
good program, service & support.

Clariss senior partner has a reputation on
the senior partner plane

Acting Partner that admin CIG is my
glad to see the reason why the CO -
continue
Re-orientation - with GMAC - my goal.

\$ 5.8 mm was total expense from
the CA firm - for that the
minimum loan could be \$400m
at CIG.

Intention \Rightarrow has been received in a
single of areas but is all bilateral
support intention - plan a

Expenses \rightarrow my good & controlled
now with ONAMIC which
looks in energy rates for
length of 2 years

Payroll - system looks like CIG
unit bill; system is automated.

\rightarrow
 \rightarrow our system always bill on
an individual basis.

challenge is indirectly man's proof -
 to bring good ones
 to distribute what we to capture →

Have some new forms coming out with
 respect to "water flows"

regulators →

moral hazard = bankruptcy

C.I.G. is somewhat bad in CA for mitg.
 against policies

as to unit mit program &
 just watch the quality &
 products of rail assets, not
 only on 2 books

as to migrant issues →

no formal number job →

Have a look up of for ed but that
 is if ~~it~~ ~~is~~ ~~it~~
 need to go formal

if meeting began to late, then would
have 2 others in co stop from
but still go outside →

as to the issue of
as to litigation

John Roth / John Howell

two individual quantity
the

disability of individual arising
the signature still remain
disabled →

suggestion of

Conference Call

7-3-06

2-11

Don
crist - [unclear]
Juni

Sat C.
Em T
Jett

any call in [unclear]

- 3 min adjutmt to [unclear]
none individually or collectively material

to [unclear]
153 but [unclear]

this yr + 137 [unclear]

gt a [unclear] for Dr [unclear]

34 [unclear] by [unclear]

3 min [unclear]

but [unclear] effect -

Jim

CIC

system

for - [unclear] to [unclear] of [unclear]
also [unclear] [unclear] [unclear]

mt in [unclear] in 2003

gt of [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear]

in new system (Oracle)

pt of sale - ahead of general
accounting - " "
invoicing - still needs work

While there was movement to new
system - not for migration, otherwise
it has been ~~very~~ adopted will be
met

E.g. point for costing
capitalizing
- done to last the 5 min

need to make change & off load
but

Intentionally changing now as 3 months

Decision in Oracle make best in
business that will be double

Have at least 2 others for business, etc.
in the real area

- A lot of parting in IT

Timing to start for 1st
system of Oracle

CIG

April 25, 06

phone call

ERIN, Andy, Ben & JGH

→ audit → not until after that CIG audit
GRAP audit as starting →

→ SRR has all internal financial
stat. audit by May 10
GRAP audit

- Victor

May 5-10 complete

1 May 8-10 start date for
SRR report

May 11-12 ESOI committee

Victor Allen

Bob Griesmer →

August 2

214-948-1313

Kelly - Mura Inc.

Dear

Bill, Jr.

Chris

Auto Fall - winter 3 years →

→ 5th May → K-m Paint

1) Audits statements
unqualified opinion

328

28 1/2 in.

2004 → 5062 mm net box

Have looked 103 mm liability

80 mm summer period

→ Audits had decrease in 2n price

For next yr. →

through Jan. 05 ↓

Have had a very good yr →

Big profit improvement in sales

margins

Expenses (1.1 m. or
3.7 m. or)

(Audits 5.8 m.)

Aug 18

Kelly Moore

BSOP →

David Gordon -

Heller Ebersman

(city who handles
the insurance co
outs)hugy
turn

CA cts & statistics are quite favorable to
insured policy holder →
Trigger: Coverage starts at exposure & continues
for death to death

General liability policies - duty to defend & cover
- for products claim there is an aggregate cap

In late 80's joining insurers put together a joint
defense agreement - which stayed in effect until
end of 90's was K-M's joining insurance
was paid

Then went to space coverage
Umbrella -

True space coverage

Cut off date for any & all asbestos
coverage 1985 - 1984

done at it when all but 3 ^{solvent} ~~firming~~
carries were solvent

233 mm in covered settlements ex
judgments paid to date (due not)

10.2 - North River has #10.2 mm in unrecorded bedding
judge this should hang 10-m going for
a while (also #5 mm added on appeal)

5 m - Westchester (U.S. firm) #5 mm still
agreed → this must release of non-solvent claims

5 mm - U.S. firm
Transport and #5 mm still
negotiating

32 mm settled in CNA for #110 mm has still
have #32 mm left

INSOLVENT FIRMERS

14.4 Mission Insurance Co - #20 mm
K-m red 14.4 mm but month

(Per) in add'n - if company does not get
full #20 mm, then get 54 mm for
California Insurance

2. ~~MM~~
see

Integrity Insurance → has \$3 mm in
equity but there is not that much
available - ^{many} ~~may~~ get up to \$2-3 mm

13 mm
see

Certain - "20 mm policy -
not sure how much is there - however
K-m did not make a timely filing as
there may be a challenge →

K-m also has add'l claims for joint defense
costs →

Direct K-m claims

Assigned K-m claims

- Insurance law: pending coverage stays in
place
look to all defn cuts for 101-03

Assigned insurance claims →
when as settled, have \$20 mm in
value of assigned claims for the various
assessments
Attendant the burden for

being inf. INA & contractual →

he to child defense meeting - today
at 50-60 mm just on the north
bunker and assigned dummies

(plus add if ~~add~~ 30 mm in defense
coming dummies on the other side)

North Bunker is on the back over if K-m
base on the bunker -

Also LAWSON has a bad faith claim
that K-m would not bluff genuine

South diff between 03 & 04 as to minor claim -
diff - did not have as many judgments

89 mm is left up - end overhang for CNA E
North Bunker for claims should not
get paid.

Arbitration Photo : then 01, which mutual
& K-m would pay as demanded
w/ no inquiry re resistance
↓

starting in 02, the # of claims
continued to rise but the # amount
of payments was going down.

as to Sika

- per the '84 provisions
- very little activity & even less
court suggested

Brub

NEW: { Michael } Dan Pilger
 { Stephen D. Mayer } & Mayer LLP
 { Joseph Mahoney }

arguing
partners
for the
engagement

Stephen - in order to book a liability
you need to know what the liability
is & have a method to estimate
value

is it worth the process to
determine this - need consultant
who did work -

had 2 conversations w Dr. Price;
in the first one he was just getting up to
speed

in audit process looked at report & his
qualifications; looked at his procedures

GAAPP requires professional judgment that
report has credibility

as to remembering the two reports (from Dr.
Price) - the amount report had been
refined

"lower estimate should be used unless
more likely another figure would apply

as to how the size for Dr. Price

103
low - middle - low # of claims
low brief

middle - high # of claims

"brief"

upper brief

B.P. also talked to Stan Joly's
work / summaries —
Stone moved and looked at ~15
month trend & for the last 4-6
months saw a stable position

Stan: looked at the process & then the
conductors of right &

we need to
get the Stan
Joly rights
6

* 95/11/11 — 111 — alleged upgrade
(includes defer costs)

Stephen (in response to John)
give the 03 & 04 performance &
issues what did you focus on &
going concern.

→ going concern essentially — now
looking at 1 year out will co still be there.
— also what are litigation issues —
— what are measures; what's call flow —

John — looked at covenant compliance
then May 05 &

John — have been giving them
financials — didn't now below \$30 mm

* August letter to be issued by ILM
- we need to get it when it is
issued

Michael ^{Book} → Don't look contravening GAAPP

Styler → "first year" visitors & understand the
company's process for inventory;
did not have chance to do other
visits of stores

as to ESIL report: said there was
no valuation, only did tests
and determined that no significant
report either way.

- very few adjustments in interim statements
- turnover not well →
- looked a piece with papers →

as to the \$103 mm →

^{Process}
The ~~form~~ report is for 02

BLM → questioning staff as to differences
between the prior's report and claims
noted only pre-12/31/04

matthew

Dr. Patricia →

the charts → demonstrate # of
classes to focus on. It's only 10 years -
clearly 2003 was the jump
year

in looking at average # of class
classes → see that # about are
going down

Dr. Paternity takes average
of last 3 years (28th) to get
to class cost -

but if last yr averaged 5
not

	191 m	avg	88 cl
or	150 m	avg	80
	88 m		29

State of state averages
is my interest for K-M

1/11

- IPAP - started Statistics

79 Battell Memorial Institute

Health Risk Assessment Center for

in 79 started projects w/ US EPA
Director in Schools program

⇒ worked in

in 2004 brief for this project;
summing did some work for EPA -

118 - 145 in April

103 - 150 June (of Dec)

Dec 14

W.S. DOL E

Enah Fara Gordon - Leader Investigator
Deborah Peterson - District Surgeon
Student

Mark Wussman

Erin Turling

SGT.

Part. is age 66 ; slightly frazzled
at 55 - told he cannot

As to subject of K-M asbestos issue

But: as long as B-K fty. doesn't
negotiate projects - then just

decide to go to

State - may need "agreement"
A-M-But - if "decide"

on that, then they
would put it accordingly

If company loses "A" rating, then it
would not business, ratings are
critical to banks - budget

the notes that were paid

32 mm debt when K-M & HE

32 mm debt that K-M & HE

Deal →

Project issue for CIG & its regulators:
What will be reported of
CIG?

J. K. - me my fr

1st Lt to Co 8

to 1st Lt Co 8

turn it to put you in to Co 8
3rd light 1st + 2nd
Safeway - Shop center

Today (May 26)
in Kelly-Mann

→ copy of interview testimony

NS00031888

Atty. Kelly - Moore

Jan 21

John Ito

Todd Snyder

David Goffin

Don Stott

Ed Davis

- Peter Moly

- ~~Robert~~ ~~Adams~~

- Bruce Bennett

- Peggy

Mark Lindsay (or plan)

Lothachild

Committing funds - don't do redundancy
~ have other commercial interest in the
market.

Lothachild is "controversial" etc.; very long thinkers;
reluctant bankers →

wants to establish the buy-in and confidence

David Bonfield - CEO of Nat. Union →

try starting exposure

Q for Hank: is there a diff in induction retail vs.
info?

Todd: yes but hard to think of too many other
retail situation done by mass first response.

Peggy: GAF urgent?

Todd: primarily a valuation urgent.

that engagement had relative Amstons in context
of job package - but it didn't work out (job package)

Peggy: what about Ted Muzal
Ted - Volume invested & tests

Foster Wheeler

Solution

GA F

Solution - ^{not} integrated business units - one of which is
larger the some of liability

Issue of size: the larger the # of lawyers to be
orchestrated, the more difficult the congressional
process -

Peggy - the size is important here and we are
small -

the other issue is test reform - R-M
should be a joint child

the company also has some major
detrimental differences - both to two places

Brian: want to have one person at the
table -

Peggy - Parent is K-M Holding Inc

* Notes between Holding & CIG are a part of
CIG's capital structure

Combustion Engineering - this is a joint Combustion Eng
Major effort and

~~under~~

Bob Salzman - atty who is

Heiler Erman - Insurance company

End / Break for lunch
Todd Leamy

Peggy - one trust as common
collateral -

Single trust in 2 classes
class 1:

"common" \$ 250.00 in a split
with K-M stock &
some money

Have identified 20 firms w large claims -
 black claims of settlement on a
 thing of past -
 thing got it's got past -

Company can't afford the actual
 claims

Continental Casualty - owner of

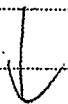
State courts in MS have started to decide
~~the~~ suits - decide more than 1 a month;
 decide on MS results

as of 12-31-04 = still had ~ ⁵⁴⁰⁰⁰ ~~50000~~ suits pending -
 53000

Florida has about 3800 suits against K-M

Looking for standard for industrial hygiene
 Need to clean-up the # claims & their
 character

Working on a time-sheet -



- Could hope to put out the T's off's
first week of Feb.

Go to Hong Kong 20 times - meet w/ all
of them there February while WES
is working on its data base

At same time, Messian will take a
long Tarabini & who will do the "rehab" ^{work}
for KM (the enemy)

Front: - as to CIG, there is a
long history KM CIG in ESO P. trans-
ist project - done now - need to have
funding but unlikely?

Ed: contributions - allocations in
2003 & 2004

John K:

Front: - issue is the BIA loans &
if not sufficiently scheduled before
KM & CIG it might be
considered a non-admissible asset

for ~~any~~ capital purposes

Have not spoken w. CA Dept of Soc
until we can best present a plan
and explanation

Biggs - if not pre-qual, it will be
pre-negotiated;
would NOT allow a free-fall pricing

Wtr - Pte wants to have best info available
when going to A.M. But off to CA right

J.K. How much money is off?

Biggs

Crit'l Casualty ≈ 30 mm

Front Watch Sm (?) \rightarrow amount in
U.S. Fire $\approx 5-20$ mm
dynamite

Have 5 policies in companies
in reinsurance / liquidation

potentially

amount

$\approx 20-30$ mm

MISSION INSURANCE CO ≈ 13 mm

CENTAUR ≈ 5 mm

Interagency
TRANSPORT

Also K-M is asserting claims against
their insurers that they should have

from covering the costs;

as to Residential loans - will that
be a default \rightarrow Kon would agree to
increase interest 270 (which \rightarrow add \$588m
in interest in 2005) in exchange for no
default action - Conroy also would
not try for clean back -

Banc - we collecting believe that we would
not proceed to any of our clients to
take the cost in the form of
use of a bank officer to work of time &
But once we felt \Rightarrow

- Activity
- Litigation
- Character
- Governance

My in

Heese Giffins
DAN STRITTMAYER

March 1

200
JFK 1000

Trif will start in March 22
E & Y will have another financial
and independent →

→

* Bd Mtg in 17th of March →

⇒ Bd is limited to 5 members

Bd Mtg →

CIG < Bank of America
has one loan that will be
negotiated in full [But that's
the entire loan] →

performance → for 2003 →
~~and to get~~
 have said the

Phil Callahan → Callahan & Co.
 Callahan & Co.

Sales are up 1/2 % in 03 (with
 computerized staffing costs) →

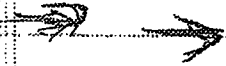
Industrial loans are on schedule,
 trying to get some collateral
 released,
 starting more

Shuman-Williams is competitor in So. Cal.

Free-see; not by

Closed down the operation in Utah →
 what are my competitors & too
 bad to influence →

end of March for final audit
 → asked my specifically to audit the
 hours



NS00031898

- ENTER 101 @ BROADWAY
- SOUTH ON 101 7.8 mi
- EXIT HOLLY STREET 0.1 mi
- TURN LEFT (S-E) into INDUSTRIAL 0.6 mi
- TURN RIGHT ONTO COMMERCIAL

987 COMMERCIAL ST
SAN CARLOS, CA

650-592-8337

as a result of mtg

Have got mtg on Oct 23
re Ins. Company w/

fund admin to vis. company for
Sommerschein was the Cal Dist
of Ins. would be what if K-M
Wells company took a part
of insurance company

Sommerschein is very confident
of disaffiliation route

[assumes on solving opinion]

if they feel strongly about
not selling the
journal disaffiliation

more likely is that on Oct 23 Peter
will introduce disaffiliation issue
to Bill & source

as to court your business -
insurance company is being well

14 kg. Stigler A. Fournier

Family

Monica PC

Debbie

Chris McCall (daughter)
(mid 80's)

not currently
involved in
company

Herb

Bill Mon Jr. →

Herb has been in the company for
18 years →

Paul Cury

1

Paul

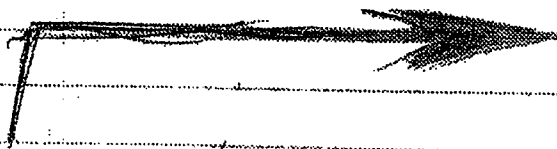
- Debbie

- Mrs. G. Pruitt

Debbie Cury

has some solid issues → but somewhat
absent of the game

10% →
 1.25
 75 — 120
 peter — ed
 X 2.10



later: Mtg cancelled / postponed

join to mtg Peter & Anne
 met w/ Bill & Doug Moore

concerned about ins. company
 no - or in front of anyone
 suggested dissatisfaction →

affirmed that intent was not
 to separate them from ranching
 suggested mtg to clarify things again

Bill said he & Doug wanted to
 talk — Peter said no need
 to commit my staff to phone

Tuesday Day —

NS00031909